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AID TO EUROPE REQUIRES RESTUDY OF U.S. ROLE IN WORLD ECONOMY

THE candid statement of Under Secretary of State Robert A. Lovett on September 3 that a special session of Congress may have to be called to authorize a stop-gap credit to European countries under the "Marshall plan" constitutes the first official recognition of the economic stringency facing Western Europe. Until now there had been a tendency on the part of the Administration, from President Truman down, to give the impression that no action on our part beyond study of ways and means would be required until Congress meets for its regular session in January.

EUROPE'S PLIGHT NOT TEMPORARY. Yet at the same time there has been a persisting inclination in Washington to view events in Europe as a "crisis." The Administration has been slow to point out that what we face in Europe is not a temporary crisis, but the painful, long-run readjustment of an entire continent to new conditions—a readjustment that will require not only emergency Congressional appropriations, but far-reaching reconsideration of our own position in the world economy.

Europe's plight is due to a wide range of causes, some deeply rooted in its history, some directly due to two world wars and a major depression. In the nineteenth century the industrial nations of Western Europe, with Britain in the lead, exported manufactured goods and investment capital in payment for the food and raw materials they imported from less developed areas—among which, strange as it may seem in retrospect, was the United States before it forged to first rank as an industrial nation.

World War II left Europe in a state of devastation and impoverishment which it is still difficult for most of us to imagine. Factories were damaged or destroyed; fields were neglected; tools and machinery became obsolete; stores of precious raw materials

were dissipated; transportation was disrupted. Even more serious, European countries, already weakened by the drain of World War I, suffered grave losses of manpower, skilled and unskilled, and an understandable deterioration of morale resulting from fatigue, malnutrition, and the terrors and anxieties of six years of war and German occupation.

GOODS—NOT DOLLAR—SHORTAGE. Today Europe needs more than ever the food it lacked even in its most fortunate days. But it is no longer producing adequate quantities of manufactured goods to take care of its own minimum requirements, let alone for export. Several European countries were forced to liquidate a part of their overseas investments to pay for war costs. And colonial nationalism is for the time being depriving European colonial powers of the markets and raw materials they used to command—for example, in Indonesia and Indo-China. The European economy, drained by the war and its aftermath, must be replenished—but production can be resumed only if Europe can resume imports of essential raw materials, among which the

The General Assembly of the United Nations will open its second session at Lake Success on September 16. What have been the major accomplishments of the UN during the first two years of its existence? What are its weaknesses, and how can they be corrected? READ

THE UNITED NATIONS: ITS RECORD OF ACHIEVEMENT, by Leland M. Goodrich, Professor of Political Science, Brown University.

25 cents

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most urgently needed right now is coal.

Europe's plight is often described as a "dollar shortage." Actually, however, it is rather a shortage of goods both in Europe and in the United States. Even if this country were ready to lower its tariff barriers and purchase everything Europe has to sell, it would not find much to buy under present conditions of European underproduction. Similarly, even if Congress were ready tomorrow to vote the sum most often suggested—five billion dollars a year for three or four years—the dollars would be of no effective aid to Europe unless our economy could produce the food, tools, machinery and raw materials required for European reconstruction.

True, some of Europe's needs—especially food and coal—could eventually be supplied more economically by Eastern Europe than by the United States. But Eastern Europe, too, has been devastated by war, and its industrial and agricultural facilities would have to be restored and modernized before it could contribute to the reconstruction of Western Europe. The question is being asked in Paris whether, in the long run, it would not be more farsighted to give priorities to agricultural rehabilitation in Eastern Europe, so that food could again be obtained there in adequate quantities for the urban workers of the West, rather than concentrate reconstruction efforts entirely on Western Europe. This question, however, is fraught with political implications, since such a program would require not only cooperation by Russia and its neighbors, but also willingness on the part of the United States to advance funds for the development of countries which are committed to Socialist or Communist programs.

WHAT CAN U.S. DO? As negotiations about the Marshall proposals proceed in Paris and Washington, it becomes increasingly clear that the key task both in the United States and Europe is to develop production further, both to make good wartime losses, and to supply current needs. To achieve this

goal, we shall have to consider several lines of approach. First, as indicated by Mr. Lovett, we must be willing to advance to Europe credits during the initial period of recovery—but credits that can be promptly transformed into goods. This means increased productive capacity here, not, as is noticeable in some lines, reluctance to expand for fear of another major depression. It also means assigning priorities on certain urgently required goods—for example, coal-mining machinery—for export to Europe. And it may mean some form of rationing and price controls, to prevent prices from spiraling to the point where our own economy becomes chaotic, and where no matter how large the credits we extend, they are bound to prove inadequate.

Second, as Europe's industrial production reaches the stage where exports in volume become possible, we must be willing to increase imports from the continent, which means reduction of tariffs on certain goods, and corresponding readjustments in the domestic economy. Third, we must be willing to invest large amounts of capital in undeveloped areas, as Britain and other European nations did in the nineteenth century, with a view to increasing the capacity of these areas to purchase goods not only from us, but also from the industrial nations of Europe. This will mean restudy of economic relations not only with former colonial territories now achieving independence, but also with the countries of Eastern Europe and the Balkans. And, finally, we must be willing to face the fact that if Europe is to increase its production, it will have to rid itself of restrictive practices like cartels, and that we cannot count on industrialists who in the past sponsored such cartels to destroy them. We will have to work with other groups in Europe if we want Europe to produce more—and we should not be frightened off, as some of us still are, if these groups bear the label of socialism.

VERA MICHELES DEAN

PALESTINE REPORT CALLS FOR U.N. SUPERVISED PARTITION

When the United Nations General Assembly meets on September 16, it must again take up the baffling question of the Holy Land. This issue, however, is not being presented in an entirely new light, because the recommendations made on August 31 by the Assembly's special investigation committee resemble those offered by many previous commissions which have sought a solution of one of the world's most complex controversies. In particular, the 1937 Peel Commission suggested partition, which is the core of the recommendations made by the majority members of the present UN commission. But in one very important respect the Palestine problem must now be approached from a different angle. For it is no longer Britain alone which is involved in the

settlement, nor even Britain and the United States together. Press dispatches from London, moreover, indicate much willingness on Britain's part to dispose of this problem, mainly because its mandate in Palestine appears more burdensome than ever in view of its domestic economic crisis.

The membership of the UN committee on Palestine entirely excluded the major nations, but all UN members must deal with the report submitted to the Assembly. While the Zionists and Arabs, both within Palestine and outside, will continue to disagree violently on the proposals that are to be considered in the world-wide forum of the UN, it is Britain, the United States and Russia which must make the crucial decisions. That they now have a chance to do

so, however, does not mean that they will. It is only prudent to realize that the Assembly's agenda is filled with other vexatious questions—none more in need of settlement, but many pointing to the deterioration of relations, especially between the United States and Russia. Should Palestine openly become another pawn in the growing East-West struggle, there will be little hope that either the Holy Land or the related tragic problem of Jewish refugees in Europe can be dealt with in an objective manner.

THREE REPORTS IN ONE. In one sense the special committee on Palestine has presented a triple report. The majority, which favors outright partition, and the minority, which proposes federation, agree unanimously on certain general principles felt to be necessary in any settlement. The most outstanding of these are that the British mandate should be terminated and independence granted at the earliest practicable date. During the transitional period, the authority in charge in Palestine should be responsible to the UN. Safeguards are suggested for the preservation of holy places, and it is accepted as a cardinal principle that economic unity for the entire area is to be established under any settlement. The new state or states in Palestine are required to be democratic in character and fully prepared to cooperate with the UN. The special committee also urges the General Assembly promptly to take the initiative in dealing with the approximately 250,000 displaced Jews in Europe. However, in one general recommendation, with two dissenting votes, the committee states that "it should be accepted as incontrovertible that any solution for Palestine cannot be considered as a solution of the Jewish problem in general."

The majority statement on partition was supported by Canada, Czechoslovakia, Guatemala, Holland, Peru, Sweden and Uruguay, while Australia voted for neither plan. The partition scheme embodies the above general principles through the proposals to create two independent states after September 1, 1949, and provides for the eventual establishment of an economic union for the whole of Palestine. In addition, the majority plan calls for the early entry of 150,000 Jewish refugees into the Jewish state, and a separate international district for the city of Jerusalem and its environs. The minority members of the commission—Iran, India and Yugoslavia—suggest a federal state in Palestine, with a common citizenship and nationality, and a central capital in Jerusalem. In this case the federal government would

have full control of defense, foreign relations, immigration, currency, federal taxation, patents, copyrights and interstate commerce. Local powers, comparable to those of American state governments, would be entrusted to the two members of the federation—the Arab and Jewish states. Under this binational federal plan, less territory would be turned over to the Jewish state than if two wholly independent units are created by carrying out the majority proposals.

ARAB-JEWISH DIFFERENCES. As stated above, the adoption of partition, federation or some combination plan embodying the commission's more general recommendations depends chiefly on agreement among the great powers. It is conceded, however, that the majority scheme of partition most nearly meets with Zionist approval. Yet spokesmen for the Jewish Agency have indicated they will press for improvements. While particularly satisfied with the proposal to include the southern desert region of the Negeb in the Jewish state, they wish also to acquire the western portion of Galilee in the extreme north of Palestine. Internationalization of the Jerusalem area is objectionable from the Zionist viewpoint. But one interesting and potentially helpful provision of the partition scheme provides that the two separate states, although divided in two parts each, are to touch at given points so that no corridors are created and travel within each state may be continuous. Should partition be carried out, the new Jewish state would have a population at the outset of about 500,000 Jews and 416,000 Arabs. Its area would constitute about 60 per cent of Palestine. Arabs would number about 715,000 in the Arab state, which would also include about 8,000 Jews. The international district of Jerusalem would have approximately 106,000 Arabs and 100,000 Jews.

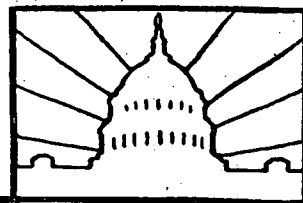
Arab leaders have flatly rejected the report, stating they will use all necessary means, including force, to prevent the adoption of any of its provisions. Most onerous from the Arab side, of course, is the projected grant of independence to any Jewish state. And the partition scheme appears to them, in any case, as a sellout to Zionist organized opinion. Under the majority plan, western Galilee, the central hilly portion of the country, and a coastal strip along the southern shore would go to the Arab state. This excludes the Arab port of Jaffa (just below Tel Aviv) from Arab control—an arrangement which has also puzzled Jewish leaders, and might well be rectified.

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Washington News Letter



OFFICIAL COMMENTS ON RIO TREATY REFLECT U.S. VIEWS ON VETO

The addresses to world audiences which President Truman, Secretary of State George C. Marshall, and Senator Arthur H. Vandenberg have made against the background of the Inter-American defense conference in Petropolis, Brazil, constitute the cautious beginnings of a campaign for modification of the veto power in the UN Security Council. The Truman administration, therefore, may propose that the UN General Assembly which meets on September 16 explore the possibility of restricting the veto privilege without amending the UN Charter. Analysis of votes taken in the Security Council suggests that the United States could carry out its foreign policy objectives more effectively through the UN if use of the veto were made less frequent. Modification of the veto, however, would not of itself end the stalemate between the United States and Russia.

WORLD IMPORTANCE OF PETROPOLIS. Officials responsible for United States foreign policy find in the accomplishments of Petropolis a strong argument for reform of UN procedures. The nineteen governments represented at Petropolis adjourned their meeting on September 2 with the signing of the inter-American defense treaty, which they had drafted during only eighteen days of deliberation. They agreed, moreover, that the American republics can invoke the treaty, after ratification, by an affirmative two-thirds vote.

"There is no paralyzing veto upon any of these peaceful sanctions," Senator Vandenberg said on September 4 in praise of the new treaty. "The successful formulation of this regional treaty affords the United Nations an example . . . of which it is in great need at this time," Secretary Marshall said on the same day. President Truman also dwelt on the exemplary character of the treaty. "We in this hemisphere have demonstrated to the world that right-thinking men can submerge their individual prejudices and their individual aims in the accomplishment of an agreement that will bring great benefits to the world," he told the Brazilian Congress on September 5. These statements amounted to a suggestion that the Soviet Union, which has used the veto more often than any other power, make international agreement an integral goal of its foreign policy.

While the addresses inspired by the Rio conference disclosed continuing faith in the principle of collective security, they also indicated that the United States and the American republics would rely on

their own resources to maintain peace when such extra-UN action seemed appropriate. Vandenberg in his talk on September 4 noted that the nations of this hemisphere, consulting one another on a regional basis outside the UN, could act in the event of "aggression far beyond our 'region' [the New World, including Greenland] — even on other continents." President Truman cast the United States in the role of world policeman. "We are determined to remain strong," he said on September 5. "Our aversion to violence must not be misread as a lack of determination on our part to live up to the obligations of the United Nations Charter or as an invitation to others to take liberties with the foundations of international peace."

VETO REFORM UNCERTAIN. At the same time Truman urged the Americas to nurture the UN "seedling in the hope of a mighty oak." He said: "The difficulties that we have encountered in this early phase of the life of the United Nations have not discouraged us. The United States is resolved to support the United Nations with all the resources at its command." This attitude foreshadows mildness in whatever effort Washington undertakes to modify the veto during the General Assembly meeting. Hopeful of action at some later date, the President might be satisfied this time to pose the issue to the Assembly without pressing the matter if opposition to reform should prove sufficiently strong to cause threats of withdrawal by Russia or other Members.

The example of the Rio conference for the United Nations should not be exaggerated. At Petropolis the United States, the most powerful nation in the Western Hemisphere, was in a position to play a role it cannot play in the United Nations, where it must deal with other countries claiming great-power privileges. Moreover, the Western Hemisphere has fortunately so far escaped from the economic devastation and internal conflicts suffered by Europe—although rumblings of social unrest are being heard in many of the Latin American republics. It should also be noted that, in essence the inter-American treaty requires of its signatories nothing beyond consultation; they give up only the privilege of refraining from conference. Agreement in the United Nations or the Council of Foreign Ministers through the restriction of the veto, however, could be achieved only after major concessions by one or another of the rival great powers.

BLAIR BOLLES